

Federal Trade Commission
July 2nd, 2006
Re: Proposed Business Opportunity Rule, R511993

To Whom It May Concern:

I am writing in response to the recently proposed Business Opportunity Rule. I have been a Quixtar IBO (Independent Business Owner) since the company began in 1999 and was informed of this proposed rule through the corporation. Their review of the proposed rule has identified several areas that they believe would negatively impact my business. I have reviewed the proposal and I agree. I appreciate the opportunity to comment on some aspects of the rule that would dramatically affect my business.

Introduction

First, please understand that I wholeheartedly agree with your goal of eliminating fraudulent so-called business opportunities. These get-rich-quick and illegal pyramid schemes give legitimate businesses, such as the Quixtar business, a bad reputation and confuse potential IBOs when they are presented with this legitimate opportunity. I've heard many people incorrectly say, "Yeah, I've seen something like this before", only due to a lack of understanding. This is very frustrating to those building our business.

I have been associated with the Quixtar business for several years now and have been extremely happy with my experience. I began my business after getting laid off from the first job I had after receiving my master's degree in electrical and computer engineering from UW-Madison. I thought my education would provide security, but found it did not. I am currently employed with an aerospace company developing software for both commercial and military aircraft. I truly believe the Quixtar business embodies the spirit of free enterprise upon which our country was founded and I am honored to be involved with it and also to defend our country against those who would take away our freedom.

This business has had a huge impact on my life. The personal growth aspect is truly amazing. The skills I have developed from being in this business have been applicable to many aspects of my life. The friendships and experiences have really meant a lot to me. I honestly believe that nowhere can a more respectable, sincere, caring group of people be found.

Waiting period

The requirement for a 7-day waiting period before registering is something that would be devastating to our business. One of the key aspects of being successful in this business is building it quickly. This helps new IBOs develop an income quickly and also helps them to develop confidence in something that is most likely quite unfamiliar to them. Forcing every IBO to wait a week would drastically slow this process down. We all wish to provide prospective business owners with a quality opportunity and this rule would degrade that. I am sure that is not the FTC's intention. Many people want to get started

right away and they ought to have that right. How long do people even have to wait to get married? With Quixtar's 30-day 100% money-back guarantee, this should not be a problem. I would like to suggest that rather than a waiting period, the FTC establish a cancellation period within which the business owner can change their mind and cancel. Surely a 30-day 100% refund period is a more acceptable method for achieving this goal than a 7-day waiting period?

Lawsuit Disclosure

This rule would also be detrimental to our business. It is well-known that our society has become extremely litigious and being forced to provide a list of all lawsuits, valid or not, does not seem reasonable. This also has a huge potential for abuse as detractors from this business could sue for no reason just to have their entry on the books. This would be quite unfair. It would also force IBOs to counter-sue all such suits because the instantiation of this rule would provide sufficient evidence that such a frivolous suit does indeed cause injury.

Financial Disclosures

I have to admit, I am not completely clear on the intention of this rule, but I do know that I don't think I should have to disclose personal financial information to anyone. Quixtar provides standardized income statements that we follow and if someone asks how much we make, I generally tell them to reference the standard information.

Drop out rate or cancellation rate

This issue is of a concern to me because I feel it would provide a severely overstated negative impression of my business. The reason I say this is because the underlying implication is that the people who dropped out actually followed the recommended program and failed. Unlike a franchising opportunity, there is no method to guarantee, or even track, a business owner's activity. Were this possible, and results only reported for those who followed the prescribed program for some minimal time, such as three years, then this would be fair. However, this would not be feasible, as mentioned, due to the FTC's own rules.

References:

Most of all, I disagree with the requirement of providing references for my business as this is not feasible. This would be devastating to my business for many reasons:

First, I would be required to provide prospective IBOs essentially with a list of possible competitors, some of which might, unfortunately, be willing to register my new prospect. I would hope this would not happen, but the potential for abuse is huge.

Second, this rule would impose upon me the worst type of discrimination and prejudice – to be forced to have me and my business judged by the actions of others. I build my

business with integrity and honesty, one of the things I have learned from my support team, but I can't guarantee that from other business owners. Unlike a franchise, where everyone deals directly with the corporation, in multilevel businesses, business owners also are joining a specific team. Why would a home builder provide a prospective customer with a list of homeowners whose homes had been built by other builders just because they all buy their lumber at the same place? This is essentially the same thing. Again unlike a franchise opportunity, according to my understanding of the FTC's own rules, IBOs cannot be required to be involved in the training and education system. This is in stark contrast to a franchise business where every business owner is required to follow the franchise system 100% or else risk losing their business. There is no way for any IBO to ensure that another IBO is doing anything with the business and if that IBO is in a different organization, there's not even a way to find out if they are! How can such a person provide a legitimate reference for my organization? Clearly they cannot.

Lastly, I feel it would be unreasonable to force every IBO to be a reference for someone else's business. I have neither the time nor desire to answer phone calls from other prospective IBOs from other organizations. This is a burden I do not feel I should be forced to bear and in fact, cannot adequately fulfill. I likely know nothing of the other person who has contacted the person calling me and can provide no useful information. Anything the prospective IBO would want to know about the corporation is widely available.

Conclusion

In conclusion, I applaud your efforts to eliminate fraudulent businesses, but I do not believe your proposed methods will achieve your desired goals. They would have the affect of making reputable companies appear shady and would not impact the people who run scams. It is likely people involved with those would ignore these rules anyway. The Quixtar Corporation has done a lot to ensure that this business is represented properly and I am grateful for that. They have even recently begun an accreditation program among other things. They are also rated with the Better Business Bureau and Dunn and Bradstreet. Surely, these standardized measures of business credibility ought to be sufficient. One of the problems indicated in the Commission's proposal is that people jump from business to business, committing fraud along the way. Perhaps the Commission would consider only applying these rules to businesses which have only been in operation for a short time, perhaps less than 5 yrs.

Sincerely,

Jason Bold